

City of Detroit

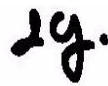
CITY COUNCIL

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TO: Phyllis Meadows, PhD., Director
Department of Health and Wellness Promotion

FROM: Irvin Corley, Jr., Fiscal Analysis Director 

DATE: May 1, 2006

RE: 2006-07 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2006-07 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:cyb

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Roger Short, Interim Chief Financial Officer
Pamela Scales, Budget Department Director
Charlayne Parker, Budget Manager
Kandia Milton, Mayor's Office

Department of Health and Wellness Promotion (25)

FY 2006-07 Budget Analysis by the Fiscal Analysis Division

Summary

The Health and Wellness Department is a General Fund agency. However, 67% of the department's funding comes from state and federal funds.

The mission of the Health and Wellness Department is to provide and assure the delivery of health services, which promote health, well-being, prevention and control the spread of disease. The department operates the Herman Kiefer Health Complex that includes a primary care center, three other primary care centers throughout the city, the Animal Control Center, and is responsible for the Food Sanitation Program. The department formerly administered the Rodent Impact Program, but the Mayor recommends transferring this program over to the Department of Environmental Affairs in the 2006-07 fiscal year.

The recommended 2006-07 budgeted appropriations total \$86.6 million, a \$3.2 million decrease over the current fiscal year. The department's 2006-07 net tax cost is \$15 million, a decrease of \$1.6 million, over the current fiscal year's net tax cost.

The budget recommends a net decrease of 130 positions, with 124 positions representing General Fund positions and 6 positions being Grant positions.

2005-06 Surplus/Deficit

The Mayor anticipates the Health and Wellness Department will end up with a net 2.52 million surplus. This is made up of an appropriations surplus of \$3.78 million offset by a revenue deficit of \$1.3 million.

Overtime

The department's current year budget contains an overtime budget of \$203,600. As of March 31, 2006, \$154,000 was spent on overtime.

The recommended overtime budget for FY 2006-07 is \$113,300, a decrease of 44%. The budget goes down due to the reduction of 130 positions and the transfer of the Maintenance and Plant Protection unit being transferred to General Services.

Personnel and Turnover Savings

Following is information by appropriation comparing current FY 2005-06 budgeted positions, March 31, 2006 filled positions and FY 2006-07 recommended positions.

Appropriation/Program	Budgeted Positions FY 2005-06	Filled Positions 3/31/2006	Mayor's		Mayor's Recommended Turnover
			Budget Positions FY 2006-07	Over/(Under) Actual to 05/06 Budget	
Dept. of Health & Wellness					
Promotion (25):					
250010 Administration	12	8	13	(4)	\$ -
250020 Duplication & Delivery	4	2	2	(2)	\$ -
250030 Data Management	7	8	0	1	\$ -
250040 Storekeeping	4	3	2	(1)	\$ -
250050 Vital Records	12	12	12	0	\$ -
250060 Biostatistics	13	9	12	(4)	\$ -
00068 Administration	52	42	41	(10)	\$ -
250340 Epidemiology	18	14	14	(4)	\$ -
250345 Immunization - General Fund	8	0	8	(8)	\$ -
250350 STD Control	11	4	8	(7)	\$ -
250420 Tuberculosis Control	12	9	8	(3)	\$ -
00070 Communicable Disease Control	49	27	38	(22)	\$ -
250470 Laboratory	34	25	31	(9)	\$ -
250480 Pharmacy	11	6	6	(5)	\$ -
250490 Radiology	3	4	0	1	\$ -
00073 Technical Support Services	48	35	37	(13)	\$ -
00074 Primary Family Care	4	2	4	(2)	\$ -
250180 Public Nursing-Adm.-Community	7	5	5	(2)	\$ -
250190 Community Nursing Svc.-Comm.	22	17	17	(5)	\$ -
250200 Infant Death Reduction-Comm.	14	12	12	(2)	\$ -
250210 Medicaid Screening-Community	8	5	8	(3)	\$ -
250270 School Vision & Hearing	5	0	3	(5)	\$ -
250700 Medical Social Work	4	2	5	(2)	\$ -
00077 Community Health Services	60	41	50	(19)	\$ -
00078 Substance Abuse	9	6	5	(3)	\$ -
250070 Housekeeping	18	16	2	(2)	\$ -
250080 Maintenance	12	10	0	(2)	\$ -
250090 Plant Protection	18	15	0	(3)	\$ -
00081 Plant Opns. & Maint.-Her. Keifer	48	41	2	(7)	\$ -
00410 Nutrition Services	7	2	7	(5)	\$ -
10836 Lead Abatement	7	6	7	(1)	\$ -
10889 Grace Ross Center	11	6	8	(5)	\$ -
10890 Northeast Center	15	12	12	(3)	\$ -
10892 Herman Keifer Family Center	13	13	10	0	\$ -
10893 Animal Control Center	6	21	21	15	\$ -
10894 Community & Industrial Hygiene	12	11	14	(1)	\$ -
10895 Food Sanitation	29	22	24	(7)	\$ -
10896 Rodent Impact Program	28	26	0	(2)	\$ -
258352 WIC Supplemental Food 9/2006	73	64	0	(9)	\$ -
258355 WIC Supplemental Food 9/2007	0	0	0	0	\$ -
11676 WIC Supplemental Food 9/2006	73	64	0	(9)	\$ -
11679 Child. Lead Prev.-CDC 7/2006	3	1	0	(2)	\$ -
11680 Childhood Lead (MDCH) 9/2006	8	0	0	(8)	\$ -
11681 Adol. Health-Alter. Mod. 9/2006	2	1	0	(1)	\$ -

Appropriation/Program	Budgeted	Filled	Mayor's	Over/(Under)	Mayor's
	Positions	Positions	Budget	Actual to	Recommended
	FY 2005-06	3/31/2006	FY 2006-07	05/06 Budget	Turnover
11687 Case Coord. & Support 9/2006	0	0	0	0	\$ -
11688 Local Mat. & Children BG 9/2006	11	10	0	(1)	\$ -
11689 CSHCS Outreach & Adv. 9/2006	9	8	0	(1)	\$ -
11690 Family Planning 9/2006	6	6	0	0	\$ -
11691 Immunization Action Plan 9/2006	8	9	0	1	\$ -
11694 STD Control 9/2006	9	6	0	(3)	\$ -
11696 Bio-Terrorism Laboratory 9/2006	1	4	0	3	\$ -
11705 Healthy Start Initiative 8/2006	3	0	0	(3)	\$ -
11967 WIC Supplemental Food 9/2007	0	0	60	0	\$ -
12029 Child. Lead Prev.-CDC 6/2007	0	0	3	0	\$ -
12041 Childhood Lead (MDCH 9/2007	0	6	8	6	\$ -
12042 Adol. Health-Alter. Mod. 9/2007	0	0	2	0	\$ -
12053 Bio-Terror. Emerg. Prep. 9/2007	0	0	1	0	\$ -
12054 Bio-Terrorism Laboratory 9/2007	0	0	0	0	\$ -
12057 CSHCS Outreach & Adv. 9/2007	0	0	9	0	\$ -
12058 Family Planning 9/2007	0	5	6	5	\$ -
12059 Immunization Action Plan 9/2007	0	0	8	0	\$ -
12061 Local Mat. & Children BG 9/2007	0	0	11	0	\$ -
12066 STD Control 9/2007	0	0	10	0	\$ -
12072 Healthy Start Initiative 5/2007	0	1	3	1	\$ -
25XXXX Leave of Absence	0	(12)	0	(12)	\$ -
25XXXX Worker's Comp.	0	(2)	0	(2)	\$ -
25XXXX Unmatched Positions	0	15	0	15	\$ -
TOTAL	<u>531</u>	<u>435</u>	<u>401</u>	<u>(96)</u>	<u>\$ -</u>

The Mayor recommends no turnover savings for the department in the proposed budget.

Proposed Layoffs and Vacant Position Reductions

The Mayor reduces budgeted positions from 531 to 401 for the department in 2006-07 as follows:

Budget									
2005-06	FY 05-06	Gen		Agency		2006-07			
<u>Positions</u>	<u>Eliminated</u>	<u>Deletes</u>	<u>Vacant</u>	<u>Layoff</u>	<u>Trsf</u>	<u>Serv</u>	<u>Adds</u>	<u>Total</u>	<u>Positions</u>
531	-32	-7	-25	-9	-30	-45	18	-130	401

List of proposed layoffs for fiscal year 2006-07:

<u>Agency</u>	<u>Title</u>	General Fund <u>No.</u>	Grant Fund <u>No.</u>	<u>Total</u>
Health	Storekeeper	1		
Health	Public Health Nurse	1		
Health	Medical Assistant	1		
Health	Office Assistant	1		
Health	Public Health Sanitation	1		
Health	Public Health Sanitation Surprv	1		
Health	Radiology Tech	1		
Health	X-Ray Technician	1		
Health	Senior X-Ray Technician	1		
		<u>9</u>		<u>9</u>

Significant Changes in Funding by Appropriation (Other than Salary Reductions)

The following section analyzes the significant changes in the Health and Wellness Promotion department:

Salaries and wages reduce by \$2.6 million because of the reduction of 130 positions and the 10% cut for union positions.

The salary-clearing transfer acct shows a negative \$345,400 budgeted in error. The budget was associated with the WIC grant. The Budget Department indicates that this error will be corrected in the Errata letter (produced by Budget to make technical corrections in the submitted proposed budget). Budget also anticipates that the department will have adequate WIC grant dollars for year 2006-07.

Pension accounts go up \$577,000 reflecting the normal cost, remaining UAAL and the pension obligation certificate repayments as provided by the pension system actuaries and POC repayment schedules.

Hospital accounts go down \$598,000 primarily based on the reduced number of personnel. More specifically, increases in hospitalization and unused sick leave are offset by decreases in the social security, unemployment, worker's compensation and fringe clearing transfer accounts.

A \$1.8 million reduction is anticipated in the medical-organizations account. This is associated with many of the medical programs (such as the substance abuse coordination agency, Medicaid substance abuse, etc.) administered by the community health services activities. Reduction is based on actual experience.

Contractual services reduce by \$1.39 million due to a few reasons. First, \$1 million is restored for salary and fringe accounts associated with Animal Control Division since the department was unsuccessful in transferring this activity to the Humane Society in the current fiscal year. Second, approximately \$228,000 was taken from contractual services and put into the medical-organizations account for Pharmacy contracts.

\$80,000, which covered contracts for Rodent Impact inspectors, was moved to the Department of Environmental Affairs budget. And there is a \$20,000 reduction in Community Nursing Services.

Operating supplies decrease by a net \$566,000. There is an increase of \$109,000 in medical supplies to reflect increase in laboratory supplies. This is offset by a reduction \$130,000 in janitorial supplies and a \$545,000 reduction in miscellaneous supplies because the maintenance-janitorial and plant protection-security get transferred to the General Services Department.

Repairs & maintenance, hardware/software maintenance, office/equipment-rentals and telecommunications decrease by \$387,000 based on actuals.

Utilities increase by \$709,000 based on actuals.

There is a net \$1.14 million increase in purchased services accounts. \$148,000 increase relates to a substance abuse grant. \$1.15 million increase central staff services to more accurately reflect the cost associated with this program. And \$101,000 in apprentice purchased services was transferred to General Services.

A new budget of \$26,000 is in the department's training-tuition reimbursement account to show this cost now in the individual departments rather than in Human Resources.

The \$1.1 million increase budgeted in the miscellaneous expense account was done in error, and will be corrected in the Errata letter. This is for the WIC grant.

A \$120,000 reduction in grants contributions-cash gets the budget more in line with past expenditures.

The following expenditure analysis just highlights major changes or issues by appropriation.

<u>Appro.</u>	<u>Program</u>	
00068	Administration	Appropriation loses 11 FTEs. 7 of them represent Data Management division employees that get transferred to the Information Technology Services department in 2006-07.
00953	Health Facilities	This \$1 million appropriation addresses primarily capital improvements slated for Herman Keifer.
00070	Communicable Disease Control	Appropriation loses 11 FTEs.
00077	Community Health Services	Program loses 10 FTEs.
10893	Animal Control	15 positions are restored since the proposal to pay the

Michigan Humane Society to takeover the function of picking up animals was unsuccessful in the current fiscal year. \$1.1 million to pay the Humane Society was used to keep City workers on the Animal Control's payroll instead.

10895	Food Sanitation	Program loses 5 FTEs.
10896	Rodent Impact Program	Program is being transferred to the Environmental Affairs Department. The environmental inspectors will be consolidated with the inspectors in Environmental Affairs.
00073	Technical Support Services	Program loses Radiology to seek a partner to provide the service. Lab supplies increase by \$100,000. 11 FTEs are eliminated.
00081	Plant Operation and Maintenance	According to the recommended budget, the janitorial, maintenance and plant protection-security functions are being shifted to the new General Services department.

Significant Revenue Changes

Budgeted city fees and reimbursements decrease by \$2.75 million.

Food Handlers Permits revenue decreases \$415,000 as Food Sanitation program loses 5 FTEs and the revenue reflects more actual experience.

Other Health Inspection Charges decrease by \$275,400 based on actuals.

Dog Licenses should go down by \$11,000 based on actual experience.

At the Grace Ross Center, the department expects to receive new revenue of \$150,000 from reimbursements from Blue Cross/Blue Shield for certain health services.

Hospitals & Clinics Medicaid revenue drops \$1 million primarily because the department anticipates getting Medicaid reimbursements for services provided at the health care centers (Grace Ross, Northeast and Herman Keifer).

Note: the department only recently been authorized to bill for Medicare clients. It anticipates being able to collect from this party, but a revenue amount could not be projected for 2006-07.

Under the administration program, Other Reimbursements decrease by almost \$1 million based on actual experience. This revenue represents the department's full-cost reimbursement for actual clients billed.

Other Reimbursements-State goes up \$1.54 million primarily because the department anticipates getting more state payments for its Medicaid Outreach program, according to the number of activities performed on Medicaid eligible clients. The state expanded the criteria for Medicaid Outreach, and this allowed the City to take advantage of being

paid for many activities that were not previously considered eligible. Examples of activities include, enrolling clients into health insurance, educating families about Medicaid services, and referrals to Medicaid programs. The administration and primary family care programs benefit from this new focus.

Other Fees revenue is expected to drop by \$1.65 million based on actuals. The revenue reduction primarily impacts the administration program.

State and federal grants are annually fluid - increasing, reducing, being eliminated or being created. The net effect of these changes is that the grants are increasing by a net \$132,000 in FY 2006-07. Federal grants are expected to increase by \$3.27 million in 2006-07, while state Health grants are expected to decrease by \$3.12 million. What often impacts the level of grants is the number of federal grants the City receives directly for health services. In the current year, the grants were projected to come in by \$2.6 million greater than what was budgeted in 2004-05.

Department of Health & Wellness Promotion (25)

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2005-06 <u>Budget</u>	FY 2006-07 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administration	\$ 15,000	\$ 15,000	\$ -
Personal Health Services	740,000	740,000	-
Community Health Services	48,175,876	45,993,688	(2,182,188)
Environmental Health Services	1,545,276	417,186	(1,128,090)
Clinical Support Services	<u>227,795</u>	<u>340,285</u>	<u>112,490</u>
Total	<u>\$ 50,703,947</u>	<u>\$ 47,506,159</u>	<u>\$ (3,197,788)</u>

Issues and Questions

1. In the department's "state of purpose" on page 25-1 of the Executive Budget, the department of Health and Wellness Promotion's goal is "effectively partner to achieve an sustain high levels of health and well-being among citizen and communities throughout the City of Detroit". What is the status of the department's regional efforts with the Detroit Wayne County Health Authority? What other "partner" type of arrangements the department is exploring to more effectively deliver health services to the Detroit and regional community?
2. Although for 2006-07 the department's net tax cost is lower by \$1.6 million and the number of General Fund positions reduces by 124, the department's proposed net tax cost for next fiscal year still is \$15 million. What is the business case that supports the department operating as usual and not consolidating with Wayne County's health department or vice versa, the County's health operations consolidating with the City's health operations?
3. Please provide a detailed explanation of the projected net surplus of \$2.52 million for the department for the current fiscal year 2005-06.

4. It was noted that the department was currently authorized to bill for Medicare services. When did this authorization take place? Why could not revenue be projected for reimbursements from Medicare in the 2006-07 budget?
5. Page 25-2 of Executive Budget: a goal is to increase the amount of sustainable revenue (fees and payments) collected by the department for services rendered. However, the 2006-07 shows a \$1.65 million decrease in Other Fees under the administration program. What efforts are being undertaken to improve collections of this revenue? Please describe the type of fees are collected here.
6. What type of partnership is the department now seeking with the Michigan Humane Society to augment animal control services?
7. Since it appears, however, that the department is not shifting the animal control function over to the Humane Society, are there plans back on the table to build a new Animal Control facility?
8. Page 25-11: The department looks to increase home visitations for all programs by 200%. How will this be accomplished when the Community Health Services activity loses 37 positions?
9. Page 25-23: Why no target for number of stray dogs impounded projected in 2006-07?
10. Page 25-23: Is the \$56,000 figure for the number of dog licenses sold in 2006-07 a typo?
11. Page 25-27 & 28: what changes in the billing process will the department undertake in 2006-07 to increase laboratory and pharmacy revenues?

ICJ